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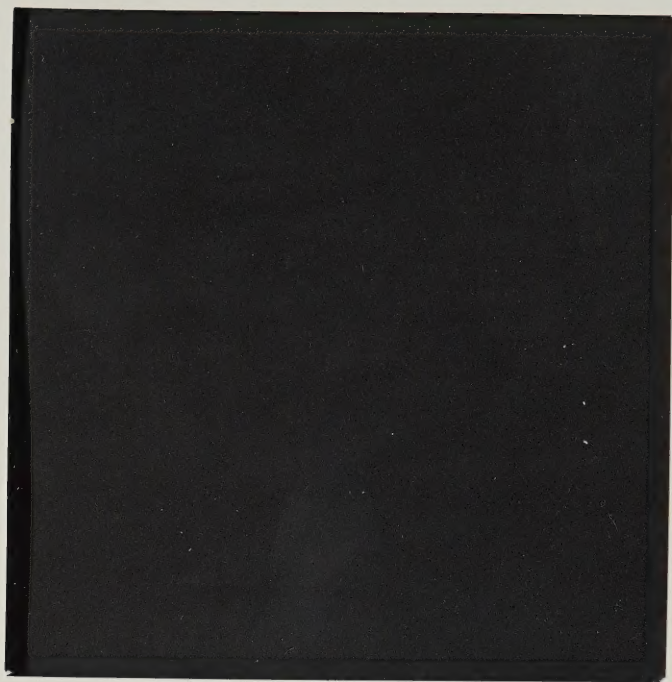
**SMALL BUSINESS ADVOCACY
REPORT NO. 2**

**SELF-DIRECTED RRSP
INVESTMENT IN PRIVATE
COMPANIES**

May, 1985

**MINISTRY OF INDUSTRY,
TRADE AND
TECHNOLOGY
ONTARIO**





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**SMALL BUSINESS ADVOCACY
REPORT NO. 2**


**SELF-DIRECTED RRSP
INVESTMENT IN PRIVATE
COMPANIES**

May, 1985

**SURVEY CONDUCTED ON
BEHALF OF
SMALL BUSINESS ADVOCACY
BY**

**DECISION MARKETING RESEARCH LIMITED,
TORONTO, ONTARIO**

Small Business Branch
Small Business, Service Industries
and Capital Projects Division
Ministry of Industry, Trade and
Technology



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Introduction

This report was prepared for the Board of Directors of the company and is intended to provide a summary of the findings of the research conducted by the Marketing Research Department. The research was conducted to determine the factors that influence the purchase of the product and to identify the opportunities for growth. The findings of the research are presented in the following sections.

The research was conducted using a combination of qualitative and quantitative methods. The qualitative methods included focus group discussions and in-depth interviews with potential customers. The quantitative methods included a survey of a large number of potential customers. The findings of the research indicate that the product is perceived as a high-quality product and that there is a strong potential for growth in the market.

EXECUTIVE SUMMARY

Summary of Findings

The research was conducted to determine the factors that influence the purchase of the product and to identify the opportunities for growth. The findings of the research indicate that the product is perceived as a high-quality product and that there is a strong potential for growth in the market. The research also identified several factors that influence the purchase of the product, including price, quality, and brand name. The research also identified several opportunities for growth, including expanding the product line and increasing the number of distribution channels. The research was conducted using a combination of qualitative and quantitative methods. The qualitative methods included focus group discussions and in-depth interviews with potential customers. The quantitative methods included a survey of a large number of potential customers. The findings of the research are presented in the following sections.

EXECUTIVE SUMMARY

Profile of The Self-Directed RRSP Investor

This report describes the characteristics of the holders of self-directed RRSP's. The characteristics of the 150 people interviewed are compared to the information obtained from 2000 people when they either opened self-directed RRSP's or transferred funds to such an RRSP.

The holders of self-directed RRSP's are most likely to be 41 to 60 years old, males, married and professionals, executives, owners or managers. They are employees rather than self-employed. About half of them live in Ontario.

The geographic dispersion of the survey was deliberately selected and reflects the regional dispersion of the investment data.

Present and Past Ownership Of A Small Business

The survey component of this study was conducted among persons who currently had a self-directed RRSP. Each person was asked if they owned a small business. A small business was defined as an independently owned and operated company that employed less than 100 people. Those people who said that they did not own such a company were asked if they had ever invested in a small business. Twenty-eight percent currently own a small business and another 20% have at some time invested in such a company. This, almost half (48%) either currently own a small business or have invested in a small business.

The Income Level Of The Self-Directed RRSP Owner

The income level of the respondents was well above the norm for the general population in Canada. The mean income reported was over \$70,000 and the median income was in the same range.

This is an indication that the sample group is likely to be more financially sophisticated than would ordinarily be the case. It also provides an indication that if they wished to make an investment, they would have the resources to do so.

Factors Which Make A Small Business Investment Attractive

A list of factors that might make a small business investment attractive were read to the respondents. They were asked to rate each factor as one that would make a small business investment attractive to them. Each factor was rated as "very important", "fairly important" or "not very important". In order to develop a "score" values of "3" = very important, "2" = fairly important and "1" = not very important were assigned.

The factors fell into three basic groups. The most important factor was "to give you a profit from your investment". At a secondary level of importance were:

- "to create a tax deduction"
- "to provide security to your investment"
- "to put money into your own business"

Least important, though still evaluated as "very important", by about half the people were:

"to help diversify your portfolio" and "to make it easy to get your money out".

Limits On The Amount of Investment

While a substantial minority feel that the amount of investment in small business from any one RRSP should be limited, the majority feel that there should be no limit. Those who think that the government should impose limits were asked if they believe this limit should be imposed in terms of dollar value or of a percentage of the portfolio. Among those who believe it should be expressed as a percentage of the portfolio, 6 in 10 (59%) believe the limit should be 25% or less of that portfolio. Those favouring a dollar value limitation are most likely to say that it should be \$25,000 or less.

Likelihood of Investing Self-Directed RRSP's in Small Business

People were asked how likely they would be to invest some of the money in smaller Canadian business, assuming that the government made the changes discussed earlier in this report. Three quarters of the people say that they would be very or fairly likely to do so.

Arm's Length" Transactions

"Arm's length" transactions are those conducted with businesses that are not owned by anyone related the investor by blood, marriage or adoption. 60% of the respondents feel that RRSP investments should not be limited to arms length transactions.

Relationship Of Investor to Owner

Those people who said that they were "very" or "fairly" likely to invest their self-directed RRSP in a smaller Canadian business were asked which of four types of businesses they would be most likely to invest in. The most frequently chosen category was their own business.

Amount To Be Invested

People who said they were "very" or "fairly" likely to invest, were asked how much they would be likely to invest. The median amount named is just under \$20,000.

Percent Of Portfolio To Be Invested

About half of those likely to invest say that they would invest 33% or less of their self-directed RRSP portfolio in a smaller Canadian business. Another 17% could not estimate the amount that they might invest.

BACKGROUND AND PURPOSE

BACKGROUND AND PURPOSE

The Ontario Government wishes to determine the level of interest in seeing the legislation affecting self-directed retirement savings plans modified to permit investment in small businesses. Its overall objective is to determine if such modifications could encourage more investment in small businesses and if such a source of funds is felt to be appropriate.

METHOD

METHOD

Investment Data

This data was collected from forms containing original information given when applicants either opened a self-directed RRSP, or transferred it. The forms were supplied to DECISION MARKETING RESEARCH LIMITED by the Government of Ontario. The following information from the forms was tabulated:

1. Sex.
2. Whether the language of the form was English or French.
3. The city from which the application came.
4. The nationality of the applicant - either Canadian or non-Canadian.
5. Occupation and whether self-employed or not.
6. Whether or not the applicant was an officer or director of any public companies, and whether or not he/she owned or controlled 10% or more of the voting rights.
7. The marital status of the applicant.
8. Occupation of spouse (if any) and whether self-employed or not.
9. How the initial contact with the applicant was made - whether through an advertising lead, personal contact, the phone or walk in, and whether the investment advisor had met the applicant in person, or not.
10. The age of the applicant.
11. The applicant's net worth.
12. The applicant's investment knowledge, as rated by the investment advisor.

13. Whether any other persons had a financial interest in the account.
14. Whether the initial order was to buy or to sell.
15. What sort of deposit and/or securities were received initially.
16. The general investment objectives of the Self-Directed RRSP, expressed in percentage form, between five choices:
Mutual Funds, Income, Long Term Growth, Short Term Trading,
and Ventures Situations.

METHOD

Self-Directed RRSP Attitude Study

A telephone survey was conducted between April 13th and April 18th, 1985, among 150 holders of Self-Directed RRSP's across Canada.

The names and phone numbers were supplied to Decision Marketing Research Limited by the Government of Ontario. City and Region quotas were established based on information taken from the Investment Data Project # 50182. Because of the limited size of the sample, all interviews were conducted with English speaking respondents. Because of time constraints and the size of the sample, all telephoning was done from Toronto.

Following is a breakdown of the calls made:

	Total	
Total Number of Forms:	<u>1324</u>	<u>100%</u>
Non-qualifiers: no SD-RRSP	16	1
Refusals	108	8
Respondents not home; no answer	184	14
Language problem	14	1
Not a good number	131	10
Unable to use: quota filled; unable to read; duplicate; French	718	54
Completed Interviews	153	12

RESULTS

RESULTS

These results represent highlight findings. A more detailed report will follow at a later date.

Detailed tables were provided on 85 - 04 - 24

A copy of the questionnaire used is included in the Technical Appendix of this report.

85 - 04 - 25

50165

DECISION MARKETING RESEARCH LIMITED

50182

GENERAL SUMMARY

GENERAL SUMMARY

1. Present And Past Ownership Of A Small Business

The survey component of this study was conducted among persons who currently had a self-directed RRSP. Each person was asked if they owned a small business. A small business was defined as an independently owned and operated company that employed less than 100 people. Those people who said that they did not own such a company were asked if they had ever invested in a small business. Twenty-eight percent currently own a small business and another 20% have at some time invested in such a company. Thus, almost half (48%) either currently own a small business or have invested in a small business.

PRESENT OWNERSHIP OF, AND PAST INVESTMENT IN, A SMALL BUSINESS
QUESTIONS 2.A, B

	<u>TOTAL</u> (150)		
CURRENTLY OWN A SMALL BUSINESS	28	}	
DO NOT OWN A SMALL BUSINESS	<u>72</u>		<u>100%</u>
HAVE EVER INVESTED IN A SMALL BUSINESS	20		28
HAVE NEVER INVESTED IN A SMALL BUSINESS	52		72

2. Factors Which Make A Small Business Investment Attractive

A list of factors that might make a small business investment attractive were read to the respondents. They were asked to rate each factor as one that would make a small business investment attractive to them. Each factor was rated as "very important", "fairly important" or "not very important". In order to develop a "score", values of "3" = very important, "2" = fairly important and "1" = not very important were assigned.

The factors fell into those basic groups. The most important factor was "to give you a profit from your investment". At a secondary level of importance were

"to create a tax deduction"

"to provide security for your investment"

"to put money into your own business"

Least important, though still evaluated as "very important", by about half the people were

"to help diversify your portfolio" and

"to make it easy to get your money out"

DEGREE OF IMPORTANCE OF SIX FACTORS TO MAKE SMALL BUSINESS
INVESTMENT ATTRACTIVE

QUESTION 3

		<u>TOTAL</u>
BASE: RESPONDENTS ASKED THIS QUESTION		(117)
		%
TO GIVE YOU A PROFIT ON YOUR INVESTMENT:		
VERY IMPORTANT	3	(90)
FAIRLY IMPORTANT	2	7
NOT VERY IMPORTANT	1	3
* SCORE		<u>2.9</u>
TO CREATE A TAX DEDUCTION:		
VERY IMPORTANT	3	74
FAIRLY IMPORTANT	2	18
NOT VERY IMPORTANT	1	8
* SCORE		<u>2.7</u>
TO PROVIDE SECURITY FOR YOUR INVESTMENT:		
VERY IMPORTANT	3	71
FAIRLY IMPORTANT	2	21
NOT VERY IMPORTANT	1	8
* SCORE		<u>2.6</u>
TO PUT MONEY INTO YOUR OWN BUSINESS:		
VERY IMPORTANT	3	68
FAIRLY IMPORTANT	2	17
NOT VERY IMPORTANT	1	15
* SCORE		<u>2.5</u>
TO HELP DIVERSIFY YOUR PORTFOLIO:		
VERY IMPORTANT	3	53
FAIRLY IMPORTANT	2	30
NOT VERY IMPORTANT	1	17
* SCORE		<u>2.4</u>
TO MAKE IT EASY TO GET YOUR MONEY OUT:		
VERY IMPORTANT	3	49
FAIRLY IMPORTANT	2	31
NOT VERY IMPORTANT	1	18
DON'T KNOW; NOT STATED		2
* SCORE		<u>2.3</u>

* SCORES ARE BASED ON ASSIGNED VALUES FROM 3 POINTS FOR "VERY IMPORTANT" TO 1 POINT FOR "NOT VERY IMPORTANT", AND ARE CALCULATED ON SAMPLE ANSWERING EACH QUESTION.

NOTE: THROUGHOUT THE REPORT CIRCLES ARE USED TO CALL ATTENTION TO LARGE NUMBERS AND SQUARES TO DENOTE SMALL NUMBERS.

3. Government Limits On Investment

Government limits the types of companies in which people can invest their self-directed RRSP's. These limitations were described to the respondents as "companies listed on Canadian Stock Exchanges".

People divide about equally on whether or not they feel such restrictions should exist. Most of those who feel that the government should not restrict the type of companies in which people can invest their RRSP's feel that this lack of restrictions should appeal to all RRSP's and not to just self-directed RRSP's.

OPINION OF GOVERNMENT RESTRAINT ON TYPES OF COMPANIES IN WHICH
RRSP'S CAN BE INVESTED, AND FOR WHICH RRSP'S
QUESTIONS 4.A, B

	<u>TOTAL</u> (150)	
GOVERNMENT SHOULD RESTRICT COMPANIES	56	
GOVERNMENT SHOULD NOT RESTRICT COMPANIES	43	
DON'T KNOW	1	
GOVERNMENT SHOULD NOT RESTRICT COMPANIES	<u>43</u>	<u>100%</u>
ALL RRSP'S	30	(69)
ONLY SELF-DIRECTED RRSP'S	13	31

4. Limitations On Types Of Companies

When asked if they felt that RRSP investment should be open for all or just some types of business, most people feel that they should be allowed to invest in any type of business. There is little agreement among those who feel that the sectors in which investment can be made should be restricted, on what the sectoral limitations should be.

OPINION OF RRSP INVESTMENT IN ALL OR SOME TYPES OF BUSINESS AND
THE TYPES TO WHICH IT SHOULD BE AVAILABLE

QUESTIONS 5.A, B

	<u>TOTAL</u>	
	(150)	
	%	
RRSP INVESTMENT SHOULD BE OPEN FOR ALL TYPES OF BUSINESS	72	
AVAILABLE TO ONLY SOME TYPES OF BUSINESS	25	
DON'T KNOW	3	
AVAILABLE TO ONLY SOME TYPES OF BUSINESS	<u>25</u>	<u>100%</u>
TYPES AVAILABLE TO:		
MANUFACTURING	16	65
RETAIL TRADE	11	43
WHOLESALE TRADE	11	43
PERSONAL SERVICE	10	41
BUSINESS SERVICE	15	62
TOURISM	13	54
DON'T KNOW	3	11

NOTE: PERCENTAGES ADD TO MORE THAN 100 BECAUSE SOME RESPONDENTS GAVE
MORE THAN ONE ANSWER.

5. Limits On The Amount Of Investment

While a substantial minority feel that the amount of investment in small business from any one RRSP should be limited, the majority feel that there should be no limit. Those who think that the government should impose limits were asked if they believe this limit should be imposed in terms of dollar value or of a percentage of the portfolio. Most say that it should be expressed in terms of a percentage of the portfolio. Among those who believe it should be expressed as a percentage of the portfolio, 6 in 10 (59%) believe the limit should be 25% or less of that portfolio. Those favouring a dollar value limitation are most likely to say that it should be \$25,000 or less.

OPINION OF LIMITING AMOUNT OF INVESTMENT FROM INDIVIDUAL RRSP'S,
AND TYPE AND EXTENT OF LIMIT

QUESTIONS 6.A, B, C, D

	<u>TOTAL</u>	
	(150)	
	%	
NO LIMIT TO AMOUNT OF INVESTMENT	(59)	
SHOULD LIMIT AMOUNT OF INVESTMENT	38	
DON'T KNOW	3	
SHOULD LIMIT AMOUNT:	<u>38</u>	<u>100%</u>
PERCENTAGE	25	(65)
DOLLAR VALUE	13	35
EXTENT OF LIMIT - DOLLAR VALUE:	<u>13</u>	<u>100%</u>
\$10,000 OR LESS	5	40
\$20,000	2	15
\$25,000	2	15
\$30,000	1	5
\$50,000	1	10
MORE THAN \$50,000	1	10
DON'T KNOW	1	5
EXTENT OF LIMIT - PERCENTAGES:	<u>25</u>	<u>100%</u>
10%	3	13
25%	11	46
33%	5	19
50%	4	16
75%	1	3
DON'T KNOW	1	3

6. "Arms Length" Transactions

"Arms length" transactions are those conducted with businesses that are not owned by anyone related to the investor by blood, marriage or adoption. People are about equally likely to feel that RRSP investments should and should not be limited to arms length transactions.

OPINION OF LIMITING RRSP INVESTMENTS TO "ARM'S LENGTH" TRANSACTIONS
QUESTION 7

	<u>TOTAL</u> (150) %
SHOULD BE LIMITED TO "ARM'S LENGTH" TRANSACTIONS	47
SHOULD NOT BE LIMITED TO "ARM'S LENGTH" TRANSACTIONS	53

7. Likelihood Of Investing Self-Directed RRSP's In Small Businesses

People were asked how likely they would be to invest some of the money in smaller Canadian business, assuming that the government made the changes discussed earlier in this report. Three quarters of the people say that they would be very or fairly likely to do so.

DEGREE OF LIKELIHOOD OF INVESTING SELF-DIRECTED RRSP
IN A SMALLER CANADIAN BUSINESS

QUESTION 8.A

	<u>TOTAL</u> (150) %
VERY LIKELY	46
FAIRLY LIKELY	29
NOT VERY LIKELY	6
NOT AT ALL LIKELY	18
DON'T KNOW	1

75%

8. Relationship Of Investor To Owner

Those people who said that they were "very", "fairly" or "not very likely" to invest their self-directed RRSP in a smaller Canadian business were asked which of four types of businesses they would be most likely to invest in. The most frequently chosen category was their own business.

TYPES OF BUSINESS MOST LIKELY TO INVEST SELF-DIRECTED RRSP IN
QUESTION 8.B

	<u>TOTAL</u>
BASE: RESPONDENTS VERY, FAIRLY OR NOT VERY LIKELY TO INVEST	(121)
	%
OWN BUSINESS	61
ANOTHER FAMILY MEMBER'S BUSINESS	19
A FRIEND'S BUSINESS	12
A STRANGER'S BUSINESS	28
DON'T KNOW	3

NOTE: PERCENTAGES ADD TO MORE THAN 100 BECAUSE SOME RESPONDENTS GAVE
MORE THAN ONE ANSWER.

9. Amount To Be Invested

People who said they were "very", "fairly", or "not very likely" to invest, were asked how much they would be likely to invest. The median amount named is just under \$20,000.

AMOUNT OF SELF-DIRECTED RRSP MONEY LIKELY TO INVEST
QUESTION 8.C

	<u>TOTAL</u> (121) %
BASE: RESPONDENTS VERY, FAIRLY OR NOT VERY LIKELY TO INVEST:	
UNDER \$5,000	8
\$5,001 TO \$10,000	18
\$10,001 TO \$20,000	23
\$20,001 TO \$50,000	29
\$50,001 TO \$75,000	5
\$75,001 TO \$100,000	5
\$100,001 TO \$200,000	-
\$200,001 AND OVER	4
REFUSED; DON'T KNOW	8

49%

10. Percent Of Portfolio To Be Invested

Among the same group referred to in the previous sections about half of them say that they would invest 33% or less of their self-directed RRSP portfolio in a smaller Canadian business. Another 18% could not estimate the amount that they might invest.

PERCENT OF CURRENT SELF-DIRECTED RRSP PORTFOLIO LIKELY TO INVEST
IN SMALLER CANADIAN ~~BUSINESS~~

QUESTION 8.D

	<u>TOTAL</u>	
BASE: RESPONDENTS VERY, FAIRLY OR NOT VERY LIKELY TO INVEST:	(121)	%
10%	9	49%
25%	27	
33%	13	
50%	13	
75%	6	
100%	14	
REFUSED; DON'T KNOW	18	

11. Attitude Toward Employee Investment In Small Business

As was rated earlier, 28% of those who have a self-directed RRSP own a small business. Among those who had employees, the majority look very favourably upon the idea of their employees investing in their company through their self-directed RRSP's.

DEGREE OF LIKING FOR HAVING OWN EMPLOYEES INVEST IN
RESPONDENT'S SMALL BUSINESS

QUESTION 9.A

	<u>TOTAL</u>
BASE: RESPONDENTS WHO OWN A SMALL BUSINESS	(42) %
WOULD LIKE IT VERY MUCH	(57)
WOULD LIKE IT A LITTLE	7
WOULD DISLIKE IT A LITTLE	3
WOULD DISLIKE IT VERY MUCH	19
NOT APPLICABLE; NO OTHER EMPLOYEES	14

12. Investment Of Self-Directed RRSP In A Mortgage
On Business Property

Those people who own a small business and also own their own property react very positively to using the funds in their self-directed RRSP to either invest in a mortgage on their business property or to use such funds to reduce an existing mortgage on the property.

OWNERSHIP OF PREMISES OF RESPONDENT'S SMALL BUSINESS, AND DEGREE
OF INTEREST IN INVESTING SELF-DIRECTED RRSP IN RESPONDENT'S COMPANY MORTGAGE
QUESTIONS 9.B, C

	<u>TOTAL</u>	
BASE: RESPONDENTS WHO OWN A SMALL BUSINESS:	(42)	%
OWNERSHIP OF PREMISES:		
LEASE PREMISES	50	
OWN PREMISES	<u>50</u>	<u>100%</u>
DEGREE OF INTEREST:		
VERY INTERESTED	43	(86)
FAIRLY INTERESTED	5	9
NOT VERY INTERESTED	2	5

13. Selection Of Small Business Investments

When asked if they would prefer to locate small Canadian companies as potential candidates for investment of their self-directed RRSP funds, people are likely to say that they would want their investment counsellors' advice. However about half of the cases (46%) feel that they can locate at least some candidates themselves.

SELECTION OF SMALL BUSINESS INVESTMENTS
QUESTION 10

SELECTION TO BE MADE BY:

RESPONDENT

INVESTMENT ADVISOR

BOTH

DON'T KNOW; NOT STATED

TOTAL
(150)
%

33	}	46%
51		
13		
3		

14. Type And Number Of RRSP's

Two thirds of the people hold only self-directed RRSP's,
the remainder hold both self-directed and regular RRSP's.
On average, household members hold 2.7 RRSP's of which
1.6 are self-directed.

TYPES OF RRSP'S HELD BY RESPONDENT, AVERAGE NUMBER OF RRSP'S HELD
BY HOUSEHOLD AND AVERAGE NUMBER OF RRSP'S WHICH ARE SELF-DIRECTED
QUESTIONS 1.A, B, 11.A, B

	<u>TOTAL</u> (150) %
RESPONDENT HOLDS ONE OR MORE:	
SELF-DIRECTED RRSP	65
BOTH SELF-DIRECTED AND REGULAR RRSP	35
AVERAGE NUMBER OF RRSP'S HELD BY ALL HOUSEHOLD MEMBERS	2.7
AVERAGE NUMBER OF RRSP'S WHICH ARE SELF DIRECTED	1.6

15. Number Of Financial Institutions Dealt With

Three quarters of the people (76%) report that their household has more than one RRSP. Of these households with more than one RRSP 7 in 10 (71%) have their RRSP's with more than one financial institution.

DEALINGS WITH ONE OR MORE FINANCIAL INSTITUTIONS FOR RRSP'S
HELD BY ALL HOUSEHOLD MEMBERS

QUESTION 11.C

	<u>TOTAL</u> (114) %
BASE: RESPONDENTS WHOSE HOUSEHOLDS OWN MORE THAN 1 RRSP:	
DEAL WITH ONE FINANCIAL INSTITUTION	25
DEAL WITH MORE THAN ONE FINANCIAL INSTITUTION	(71)
REFUSED; DON'T KNOW	4

16. Previous Ownership Of Regular RRSP

Eighty-two percent of the people had a regular RRSP before they had a self-directed RRSP. In most cases, the investor, not the investment advisor, suggested opening a self-directed RRSP.

PREVIOUS OWNERSHIP OF A REGULAR RRSP, AND SOURCE OF CHANGE
QUESTION 11.D,E

	<u>TOTAL</u>	
	(150)	
	%	
PREVIOUS OWNERSHIP OF REGULAR RRSP:		
DID NOT HOLD A REGULAR RRSP BEFORE THIS ONE	18	
DID HOLD A REGULAR RRSP BEFORE THIS ONE	<u>82</u>	<u>100%</u>
SOURCE OF CHANGE TO SELF DIRECTED RRSP:		
RESPONDENT	<u>57</u>	69
INVESTMENT ADVISOR	20	24
SOMEONE ELSE	9	11

17. Profile Of The Self-Directed RRSP Investor

The tables which follow describe the characteristics of the holders of self-directed RRSP's. They compare the characteristics of the 150 people interviewed to the information obtained from 2000 people when they either opened self-directed RRSP's or transferred funds to such an RRSP.

The holders of self-directed RRSP's are most likely to be 41 to 60 years old, males, married and professionals, executives, owners or managers. They are employees rather than self-employed. About half of them live in Ontario.

The geographic dispersion of the survey was deliberately selected and reflects the regional dispersion of the investment data.

COMPARISON OF BASIC CHARACTERISTICS OF THE SAMPLE
INVESTMENT DATA AND SD-RRSP ATTITUDE SURVEY

	INVESTMENT DATA	SD-RRSP ATTITUDE SURVEY
	(2000)	(150)
	%	%
AGE:		
UNDER 31 YEARS	10	1
31 TO 40 YEARS	34	35
41 TO 60 YEARS	48	54
61 TO 65 YEARS	5	7
OVER 65 YEARS	2	2
NOT STATED; REFUSED	1	1
SEX:		
MALE	68	83
FEMALE	32	17
OCCUPATION:		
PROFESSIONAL, EXECUTIVE	40	38
OWNER, MANAGER	24	36
SALES	4	8
WHITE COLLAR	10	6
SKILLED LABOUR	4	3
UNSKILLED LABOUR	1	-
FARMER	*	-
HOMEMAKER	8	3
RETIRED	5	4
UNEMPLOYED	*	-
STUDENT	*	-
NOT STATED; REFUSED	3	2
MARITAL STATUS:		
MARRIED	64	77
SINGLE	5	17
WIDOWED, DIVORCED, SEPARATED	5	5
NOT STATED	26	1

* LESS THAN ONE HALF OF ONE PERCENT.

COMPARISON OF SELF-EMPLOYED
INVESTMENT DATA AND SD-RRSP ATTITUDE SURVEY

	INVESTMENT DATA	SD-RRSP ATTITUDE SURVEY
	(2000) %	(150) %
SELF-EMPLOYED	26	29
NOT SELF-EMPLOYED	71	70
NOT STATED	3	1

OFFICE WHERE ACCOUNT PLACED (INVESTMENT DATA)
CITY OF RESIDENCE (SD-RRSP ATTITUDE SURVEY)

	INVESTMENT DATA	SD-RRSP ATTITUDE SURVEY
	(2000)	(150)
	%	%
TOTAL ATLANTIC:	<u>6</u>	<u>6</u>
HALIFAX	2	2
SAINT JOHN	2	1
ST. JOHN'S	2	1
OTHER ATLANTIC	*	2
TOTAL QUEBEC:	<u>17</u>	<u>16</u>
MONTREAL	11	11
OTHER QUEBEC	6	5
TOTAL ONTARIO:	<u>49</u>	<u>51</u>
TORONTO	31	31
OTTAWA	7	10
LONDON	3	3
OTHER ONTARIO	8	7
TOTAL PRAIRIES:	<u>12</u>	<u>12</u>
CALGARY	5	5
EDMONTON	4	2
WINNIPEG	3	3
OTHER PRAIRIES	*	2
TOTAL BRITISH COLUMBIA:	<u>16</u>	<u>15</u>
VANCOUVER	12	11
VICTORIA	4	3
OTHER BRITISH COLUMBIA	*	1

* LESS THAN ONE HALF OF ONE PERCENT

18. Occupation Of Spouse

The remaining sections of this report deal with the "investment data", that is the data collected at the time that people either opened a self-directed RRSP or transferred funds to such an account.

Among those holders of self-directed RRSP's who were identified as having a spouse, their spouse's occupation is as shown on the table which follows.

OCCUPATION OF SPOUSE, INVESTMENT DATA

	<u>TOTAL</u>
BASE: RESPONDENTS IDENTIFIED AS HAVING A SPOUSE:	(1289) %
PROFESSIONAL, EXECUTIVE	29
OWNER, MANAGER	16
SALES	3
WHITE COLLAR	12
SKILLED LABOUR	2
UNSKILLED LABOUR	*
FARMER	*
HOMEMAKER	29
RETIRED	2
UNEMPLOYED	*
STUDENT	1
NOT STATED	6

* LESS THAN ONE HALF OF ONE PERCENT

19. Employment Of Spouse

In 21% of the cases the spouse is self-employed.

SELF EMPLOYMENT OF SPOUSE, INVESTMENT DATA

	<u>TOTAL</u>
BASE: RESPONDENTS IDENTIFIED AS HAVING A SPOUSE:	(1289) %
SELF EMPLOYED	21
NOT SELF EMPLOYED	74
NOT STATED	5

20. Net Worth Of The Applicant

In nearly 6 in 10 instances the net worth of the applicant exceeds \$100,000.

NET WORTH OF APPLICANT, INVESTMENT DATA

	<u>TOTAL</u> (2000) %
\$10,000	2
\$20,000	7
\$50,000	16
\$100,000	14
MORE THAN \$100,000	59
NOT STATED	2

21. Investment Knowledge

As rated by the investment counsellor about half of the applicants were felt to have excellent or good investment knowledge.

INVESTMENT KNOWLEDGE
INVESTMENT DATA

	<u>TOTAL</u> (2000) %
EXCELLENT	8
GOOD	40
FAIR	40
NIL	9
NOT STATED	3

- 48%

22. Initial Contact

The majority of the applicants decided to invest with the broker based on personal contact, usually a personal meeting.

INITIAL CONTACT, PERSONAL MEETING WITH APPLICANT AND INITIAL ORDER INVESTMENT DATA

	<u>TOTAL</u>
	(2000)
	%
INITIAL CONTACT:	
ADVERTISING LEAD	9
PERSONAL CONTACT	60
PHONE IN	9
WALK IN	3
NOT STATED	19
PERSONAL MEETING:	
YES	78
NO	15
NOT STATED	7
INITIAL ORDER:	
BUY	13
SELL	*
NOT STATED	87

* LESS THAN ONE HALF OF ONE PERCENT

23. Amount And Description Of Deposit/Securities

The source and type of deposit made into the account are shown on the table which follows.

AMOUNT AND DESCRIPTION OF DEPOSIT/SECURITIES
INVESTMENT DATA

	<u>TOTAL</u> (2000) %
TRANSFER; RRSP TRANSFER; BANK/TRUST CO. 22	
TO FOLLOW; PENDING	6
OPEN ACCOUNT	1
CASH: LESS THAN \$5,500	10
CASH: \$5,500 TO \$24,999	8
CASH: \$25,000 AND OVER	3
CANADA SAVINGS BOND; T BILLS	3
MISCELLANEOUS SHARES/BONDS	11
NOT STATED	46

NOTE: PERCENTAGES ADD TO MORE THAN 100 BECAUSE SOME APPLICANTS MADE MORE THAN ONE DEPOSIT.

24. Investment Objectives

Applicants were asked to state the general objectives of their self-directed RRSP in percentages. On the average, nearly half of the objective and stated as "long term growth" (47.5%) while "income" follows as the next most important objective (31.6%).

INVESTMENT OBJECTIVES
INVESTMENT DATA

TOTAL
(2000)

AVERAGE PERCENT FOR EACH CATEGORY:

MUTUAL FUNDS	3.6%
INCOME	31.6%
LONG TERM GROWTH	47.5%
SHORT TERM TRADING	12.1%
VENTURES	4.2%

TECHNICAL APPENDIX

CODE SHEET

1.	Male	6-1			
	Female	-2		9.	Age-Under Legal 30-1
	English	7-1			Legal - 30 -2
	French	-2			31 - 40 -3
	Office	8/12			41 - 60 -4
					61 - 65 -5
2.	Canadian	13-1			65 + -6
	Non-Canadian	-2			Worth: \$10M 31-1
3.	Occupation	14-			\$20M -2
	Self-employed	15-1			\$50M -3
	Not self-employed	-2			\$100M -4
	Type of Business	16-			\$100M + -5
4.	Officer/Director	17-			Knowledge: Excellent 32-1
		18-			Good -2
		19-			Fair -3
		20-			Nil -4
	10% or more	21-		10.	Other Interest - Yes 33-1
		22-			No -2
		23-		12	Initial Order: Buy 34-1
					Sell -2
					Amount etc 35/36
5.	Married	24-1			37/38
	Single	-2			39/40
	Wid/Div/Sep	-3		13	Mutual Funds 41/43
	Not stated	-4			Income 44/46
	Spouse's Occupation	25-			Long Term Growth 47/49
	Self-employed	26-1			Short Term Trading 50/52
	Not self-employed	-2			Ventures 53/55
	Type of business	27 -			
6.	Adv Lead	28 -1			
	Personal Contact	-2			
	Phone In	-3			
	Walk In	-4			
	Face To Face - Yes	29 -1			
	No	-2			

INVESTMENT SURVEY

Hello - this is _____ of Decision Marketing Research. We are conducting a short survey on investments; may I please speak to (NAME)?

(IF RESPONDENT UNAVAILABLE, FIND OUT WHEN A GOOD TIME TO CALL BACK AND RECORD ON CALL SHEET)

(REINTRODUCE YOURSELF IF NECESSARY)

1. The government is considering making changes in the regulations governing Registered Retirement Savings Plan, and we'd like to get your opinion on them.

Basically there are two types of RRSP's - the regular type and the Self-Directed type. A self-Directed RRSP is one where you, yourself, can personally select the stocks or other investments that you buy. One which is not Self-Directed is one in which you make deposits into an RRSP account with a financial institution, and they choose the investments.

Which type of RRSP do you have -

Regular RRSP, or	4-	1	IF ONLY REGULAR RRSP,
Self-Directed RRSP?		2	THANK AND END
(Don't Know)		3	RECORD ON TALLY SHEET

- 2.A At the present time do you, yourself, own a small business? By "small business" we mean independently owned and operated companies that employ less than 100 employees.

YES	5-	1	GO TO Q.3
NO		2	ASK Q 2.B

- 2.B Have you, yourself, ever invested in a small business?

YES 6 - 1
NO 2

3. (ASK EVERYONE) I am going to read a list of factors that would make a small business investment attractive. For each one, please tell me how important that factor would be to you, in relation to a small business investment. (READ ONE AT A TIME AND RECORD HOW IMPORTANT EACH ONE IS.)

To put money into your own business:

Very Important 7 - 1
Fairly Important, or 2
Not Very Important 3

To create a tax deduction:

Very Important 8 - 1
Fairly Important, or 2
Not Very Important..... 3

To provide security for your investment:

Very Important 9 - 1
Fairly Important, or 2
Not Very Important 3

To make it easy to get your money out:

Very Important 10 - 1
Fairly Important, or 2
Not Very Important 3

To give you a profit on your investment:

Very important 11 - 1
Fairly Important, or 2
Not Very Important 3

To help diversify your portfolio:

Very Important 12 - 1
Fairly Important 2
Not Very Important 3

4. The next questions are concerned with RRSP's.
Government regulations limit the types of companies in which you can invest your Self-Directed RRSP; they must be companies listed on Canadian Stock Exchanges. Do you feel the government should restrict the types of companies in which you can invest your RRSP's?

YES 13 -	1 GO TO Q 5
NO	2 ASK Q 4.B

- 4.B Should this be true for all RRSP's, or only for Self-Directed RRSP's?

ALL RRSP's	14-1
ONLY SD RRSP's	2

- 5.A (ASK EVERYONE) Some people have said that RRSP investment should be open for all types of business, while other people think it should be available to only some types of business. What do you think - should RRSP investment be -

OPEN FOR ALL TYPES OF BUSINESS, OR	15 -	1 GO TO Q 6
AVAILABLE TO ONLY SOME TYPES OF BUSINESS?		2 ASK Q 5.B

- 5.B (IF AVAILABLE TO ONLY SOME TYPES OF BUSINESS) In which sectors should RRSP investment be available? (READ LIST, AND CIRCLE NUMBERS FOR AS MANY AS APPLY)

Manufacturing	16-1
Retail Trade	2
Wholesale Trade	3
Personal Service	4
Business Service	5
Tourism	6

- 6.A (ASK EVERYONE) Thinking of the amount of investment in small business from any one RRSP, should it be limited or not?

SHOULD BE LIMITED 17-	1 ASK Q 6.B
NO LIMIT	2 SKIP TO Q. 7

- 6.B (IF SHOULD BE LIMITED) Should this limit have a dollar value, such as ten thousand or fifty thousand dollars, or should it be expressed as a percentage of the portfolio?

DOLLAR VALUE 18 -	1 ASK Q 6.C
PERCENTAGE	2 GO TO Q 6.D

- 6.C (IF DOLLAR VALUE) What would you suggest as the upper limit? (READ LIST)

\$10,000 or less	19-1
\$20,000	2
\$25,000	3
\$30,000	4
\$50,000	5
More than \$50,000	6

GO TO QUESTION 7

- 6.D (IF PERCENTAGE) What percentage of the portfolio should be the limit?
(READ LIST)

10%	20-1
25%	2
33%	3
50%	4
75%	5
100%	6

7. "Arm's Length" Transactions are those conducted with businesses that are not owned by you or by anyone related to you by blood, marriage or adoption.
Should RRSP investments be limited to such "arm's length" transactions, or not?

YES 21- 1

NO 2

- 8.A If the government made available this program with the changes that you have suggested, how likely would you be to invest some of the money in your Self-Directed RRSP in a smaller Canadian business? (READ LIST) Would you be ...

Very likely	22- 1
Fairly likely	2 ASK QUESTION 8.B
Not very likely, or	3
Not at all likely	4 GO TO Q.. 9

- 8.B (IF VERY, FAIRLY OR NOT VERY LIKELY) Which of the following types of business would you be most likely to invest in? (READ LIST)

Your own business	23- 1
Another family member's business	2
A friend's business	3
A stranger's business	4

- 8.C And how much would you be likely to invest? (READ LIST)

Under \$5,000	24- 1
\$5,001 to \$10,000	2
\$10,001 to \$20,000	3
\$20,001 to \$50,000	4
\$50,001 to \$75,000	5
\$75,001 to \$100,000	6
\$100,001 to \$200,000	7
\$200,001 and over	8

- 8.D Approximately what percent of your current Self-Directed RRSP portfolio would this represent?

10%	25 - 1
25%	2
33%	3
50%	4
75%	5
100%	6

IF RESPONDENT IS NOW THE OWNER OF A SMALL BUSINESS, QUESTION 2.A - ASK Q 9.A, B & C

9.A What would you think of your employees investing in your company through their Self-Directed RRSP's? (READ LIST)

Like it very much	26-1
Like it a little	2
Dislike it a little, or	3
Dislike it very much	4

9.B Does your company own its own building or lease its premises?

OWN	27 -	1 ASK Q 9.C
LEASE		2 GO TO Q 10

9.C (IF YES) One change of legislation being considered would permit you to invest your RRSP funds in a mortgage on your business property or to use these funds to reduce an existing mortgage on the property.

How interested would you be in this - (READ LIST)

Very interested	28-1	
Fairly interested	2	GO TO Q.10
Not very interested	3	
Not at all interested	4	

10. (ASK EVERYONE) If you were going to invest some of your Self-Directed RRSP in a small Canadian company, would you prefer to locate such companies yourself, or would you want your investment advisor to suggest such companies to you?

SELF	29 - 1
INVESTMENT ADVISOR	2

11.A How many different RRSP's are held by members of your household?

(WRITE IN) _____ 30-

11.B (IF MORE THAN ONE) And how many of these are Self-Directed?

(WRITE IN) _____ 31-

11.C (IF MORE THAN ONE IN Q. 11.A) Thinking of all the different RRSP'S held by members of your household, are they in one, or more than one, financial institution?

One	32-1
More than one	2

11.D Earlier you said you have a Self-Directed RRSP. Did you have a regular RRSP before you had the SD RRSP?

YES	33-	1 ASK Q 11.E
NO		2 GO TO BASIC DATA

11.E Whose idea was it for you to open the Self-Directed RRSP - yours, or your investment advisor?

Self	34 - 1
Investment Advisor	2
Someone Else	3
(Specify)	_____

BASIC DATA

12.A Into which of the following age groups do you fall? (READ LIST)

Under 30 years	35 - 1
31 to 40 years	2
41 to 60 years	3
61 to 65 years	4
over 65 years	5

12.B What is your occupation - that is, the type of job and the type of company?

TYPE OF JOB _____ 36-

TYPE OF COMPANY _____

12.C What is your marital status -

Married	37 - 1
Single	2
Widowed, divorced, separated	3

12.D Into which of the following groups does your total annual family income fall?
(READ LIST)

Under \$25,000	38 - 1
\$25,000 to \$39,999	2
\$40,000 to \$54,999	3
\$55,000 to \$74,999	4
\$75,000 to \$99,999	5
\$100,000 to \$149,999	6
\$150,000 and over	7

THANK YOU VERY MUCH FOR YOUR HELP TODAY.

(RECORD FROM ORIGINAL DOCUMENT)

39-
40-

NAME _____
CITY _____
PROVINCE _____
PHONE _____

INTERVIEWED BY _____ DATE _____

